

Message Text

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70

ACTION ARA-20

INFO OCT-01 ADP-00 AID-20 CIAE-00 INR-10 NSAE-00 RSC-01

EB-11 SCEM-02 INT-08 L-03 SCI-06 IGA-02 OMB-01 OPIC-12

COME-00 RSR-01 /098 W

----- 027454

R 071729Z AUG 73

FM AMEMBASSY LIMA

TO SECSTATE WASHDC 6602

AMEMBASSY LA PAZ

UNCLAS LIMA 5700

E.O. 11652: N/A

TAGS: ECON, EAID, BL

SUBJ: ANDEAN PACT; TECHNICAL ASSISTANCE REQUEST FOR BOLIVIAN
PETROCHEMICAL PROJECT

1. JUNTA MADE URGENT INQUIRY ABOUT POSSIBILITY USG
FINANCING OF CONTRACT TO ESTIMATE DIFFERENCE IN CAPITAL
INVESTMENT AND OPERATING COSTS BETWEEN SEA LEVEL AND
ANTIPLANO LOCATIONS OF PETROCHEMICAL COMPLEX. INCLUDED
WOULD BE OLEFINS PLANT, LOW AND HIGH DENSITY POLYETHYLENE,
POLYPROPYLENE, VINYL CHLORIDE MONOMER, ETHYLENE OXIDE,
STYRENE AND ACRYLONITRILE. CONTRACTOR WOULD BE KENNETH
E. LUNDE, STANFORD RESEARCH INSTITUTE, MENLO PARK, CALIFORNIA.
COST OF STUDY \$8,200.

2. POOR PERFORMANCE OF BOLIVIA WITHIN INTEGRATION CONTEXT
IS BIGGEST PROBLEM FACING JUNTA AN CAF TODAY. THERE
ARE FEW LOCAL ENTREPRENEURS. FOREIGN FIRMS CAUTIOUS
BECAUSE LACK OF INFRASTRUCTURE FOR INDUSTRIAL PROJECTS,
AS WELL AS LONG-STANDING POLITICAL INSTABILITY.

3. ONE PARTIAL SOLUTION CURRENTLY UNDER STUDY WOULD BE
ESTABLISHMENT CAF-CONTROLLED PROMOTION AND INVESTMENT
FIRM IN BOLIVIA. CAF WOULD PUT UP \$400,000 SEED CAPITAL
AND ASK ADDITIONAL EQUITY SUBSCRIPTIONS FROM ANDEAN
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MEMBER COUNTRIES AND FROM BRAZIL, MEXICO, AND CANADA.

ENTERPRISE WOULD DEVELOP INTEGRATION-RELATED BOLIVIAN PROJECTS WITH LOCAL EQUITY PARTICIPATION. RECENT INVESTMENT PROMOTION SEMINAR LA PAZ IS CLAIMED TO HAVE SHOWED THAT SUCH PARTICIPATION COULD BE FORTHCOMING IF INITIAL ENTREPRENEURIAL INITIATIVE COMES FROM OTHER SOURCE.

4. REGARDING JUNTA REQUEST OUTLINED PARAGRAPH 1, IT FITS WITHIN ANDEAN PACT TECHNICAL ASSISTANCE PROPOSAL WHICH WILL BE POUCHED AUGUST 13. BECAUSE OF URGENCY OF REQUEST AND IMPORTANCE ATTACHED TO IT BY JUNTA, CABLE RESPONSE REQUESTED REGARDING PROSPECTS FOR AID FINANCING.
BELCHER

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Message Attributes

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Disposition Event:
Disposition History: n/a
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EO Systematic Review
30 JUN 2005

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